

PUBLIC DISCLOSURE

November 27, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community Bank of Elmhurst
RSSD# 2044820

330 West Butterfield Road
Elmhurst, Illinois 60126

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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BANK'S CRA RATING

Community Bank of Elmhurst is rated Satisfactory.

Community Bank of Elmhurst is meeting the credit needs of its assessment area based upon an analysis of its lending activities. The bank's average loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of the bank's loans were originated in the assessment area. The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area and lending activities reflect reasonable penetration among businesses of different revenue sizes and among individuals of different income levels. Neither Community Bank of Elmhurst nor this Reserve Bank received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

A full scope evaluation of small business and home equity lending in the bank's single assessment area was conducted using the Federal Financial Institutions Examination Council's (FFIEC) Small Institution CRA Examination Procedures. The evaluation considered information about the institution and its assessment area, such as asset size, financial condition, local competition, and economic and demographic characteristics. The evaluation was based on the universe of small business and home equity loans the bank originated from January 1, 2022, through December 31, 2022, using the following performance criteria.

- ***Loan-to-Deposit Ratio*** – A 16 quarter average loan-to-deposit ratio from September 30, 2019, through September 30, 2023, was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank's home equity and small business loans originated from January 1, 2022, through December 31, 2022, were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank's home equity and small business loans originated in the assessment area, from January 1, 2022, through December 31, 2022, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate- income.
- ***Lending to Borrowers of Different Income and to Businesses of Different Sizes*** – The bank's home equity and small business loans originated in the assessment area, from January 1, 2022, through December 31, 2022, were reviewed to determine the distribution among

borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses with different revenue sizes.

- **Response to Substantiated Complaints** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.

In addition, a community representative was contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area. The representative was from an economic development organization and was able to give insight into both small business and housing conditions.

DESCRIPTION OF INSTITUTION

Community Bank of Elmhurst (CBE) is a wholly owned subsidiary of Community Bancshares of Elmhurst, Inc., a one-bank holding company headquartered in Elmhurst, Illinois. The bank operates its main office and one full-service branch in Elmhurst, each with a full-service automated teller machine (ATM). The bank also has a limited-service branch in Elmhurst serving the residents of a senior assisted living facility. All branch locations are located in upper-income census tracts. The bank has not opened or closed any branches or ATMs since the previous evaluation.

The bank reported total assets of \$183.9 million as of September 30, 2023. The bank is primarily a commercial and residential real estate lender, with commercial and residential real estate loans comprising approximately 66.7 percent and 20.9 percent of the bank’s portfolio by dollar volume, respectively. The bank offers standard, non-complex lending and deposit products. They include, but are not limited to commercial, residential real estate, home equity lines of credit, and consumer installment loans. Deposit products include traditional savings accounts, money market, negotiable orders of withdrawal, and certificates of deposit.

Details of the allocation of the bank’s loan portfolio are provided in the following table.

Composition of Loan Portfolio as of September 30, 2023		
Loan Type	Dollar Volume (000s)	Percent of Portfolio
Commercial	71,198	66.7
Residential Real Estate	22,307	20.9
Consumer	12,954	12.2
Other	224	0.2
Total	106,683	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding</i>		

The bank has a 0.35 percent market share of Federal Deposit Insurance Corporation (FDIC)-insured deposits based on the June 30, 2023, FDIC Deposit Market Share report, which ranked 26th out of 45 FDIC-insured institutions with offices in DuPage County, Illinois. This would indicate a high level of competition within the bank's market area. The deposit share market leaders were JPMorgan Chase Bank, National Association, BMO Harris Bank National Association and PNC Bank, National Association with market shares of 23.5 percent, 10.9 percent, and 9.8 percent, respectively.

There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

The bank was rated satisfactory under the CRA at its previous evaluation conducted on October 7, 2019.

DESCRIPTION OF ASSESSMENT AREA¹

Community Bank of Elmhurst operates in a single assessment area (AA) consisting of partial DuPage County, which is located within the Chicago-Naperville-Evanston, IL MD 16984 (Chicago MD). This MD is part of the larger Chicago-Naperville-Elgin, IL-IN-WI MSA (16980). The current assessment area has changed from the previous evaluation, which was then comprised of 33 census tracts. The current assessment area consists of 52 census tracts, which includes an expansion of 17 census tracts to incorporate the entirety of Addison Township. Previously, the bank included three of the township's twenty census tracts. Additionally, one of the bank's original census tracts, 8443.01, split into three newly created census tracts due to 2022 ACS changes. The three newly created census tracts are 8443.08, 8443.09, and 8443.10. At the previous examination, the bank's assessment area was comprised of one moderate-income census tract. Due to the expansion of the assessment area, the bank's current combined assessment area includes four census tracts which are moderate-income census tracts (no low-income census tracts) and four which are majority-minority census tracts.

The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

¹ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

See the table below for further information on the income designation changes.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	0	0	0
Moderate	1	4	+3
Middle	13	30	+17
Upper	19	18	-1
Unknown	0	0	0
Total	33	52	+19

Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 and 2016-2020

Additional 2022 assessment area demographic information is provided in the following table.

2022 Chicago-Naperville-Evanston, IL MD 16984 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	8,641	15.7
Moderate	4	7.7	3,793	6.9	465	12.3	9,258	16.8
Middle	30	57.7	31,106	56.5	1,486	4.8	11,716	21.3
Upper	18	34.6	20,136	36.6	456	2.3	25,420	46.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	52	100.0	55,035	100.0	2,407	4.4	55,035	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	6,011	3,261	5.6	54.3	2,549	42.4	201	3.3
Middle	47,907	31,624	54.5	66.0	13,809	28.8	2,474	5.2
Upper	30,550	23,116	39.9	75.7	5,761	18.9	1,673	5.5
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	84,468	58,001	100.0	68.7	22,119	26.2	4,348	5.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	556	3.5	484	3.7	69	2.7	3	2.6
Middle	8,776	56.0	7,100	54.8	1,624	62.4	52	44.4
Upper	6,331	40.4	5,361	41.4	908	34.9	62	53.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	15,663	100.0	12,945	100.0	2,601	100.0	117	100.0
Percentage of Total Businesses:				82.6	16.6	0.7		
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	2	3.8	2	4.1	0	0.0	0	0.0
Middle	26	49.1	23	46.9	3	75.0	0	0.0
Upper	25	47.2	24	49.0	1	25.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	53	100.0	49	100.0	4	100.0	0	0.0
Percentage of Total Farms:				92.5	7.5	0.0		
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Population Change

According to the U.S. Census Bureau’s 2020 Decennial Census, the assessment area’s population is 216,776. Between 2015 and 2020, DuPage County’s population increased slightly, at 0.3 percent, which is similar to the growth of 0.8 percent for the Chicago MD and the assessment area. Over this same five-year period, the population for the state of Illinois decreased slightly at 0.5 percent. The community representative stated that the population decline in Illinois can be partly attributed to the state’s relatively high tax rates when compared with its neighbors. The community representative further noted that DuPage County’s population growth benefitted from people moving out of Chicago and migrating to the suburbs during the COVID-19 pandemic in order to take advantage of the county’s high-quality schools.

The following table presents the population trends for the assessment area, DuPage County, the Chicago-Naperville-Evanston, IL MD, and the state of Illinois from 2015 to 2020.

Population Change			
Area	2015 Population	2020 Population	Percentage Change
Assessment Area	214,999	216,776	0.8
DuPage County	930,412	932,877	0.3
Chicago-Naperville-Evanston, IL MD	7,208,434	7,267,535	0.8
Illinois	12,873,761	12,812,508	-0.5
<i>Source: 2011-2015 U.S. Census Bureau American Community Survey and 2020 U.S. Census Bureau Decennial Census</i>			

Income Characteristics

According to 2022 FFIEC Census Data, the assessment area is comprised of 55,035 families, of which 15.7 percent are designated as low-income and 16.8 percent are designated as moderate-income. Families in the assessment area designated as middle-income and upper-income represent 21.3 and 46.2 percent, respectively. Within the assessment area, 4.4 percent of families live below the poverty level, which is below the comparative figure for the state of Illinois at 8.5 percent.

Between 2015 and 2020, the median family income for DuPage County grew 9.7 percent to \$115,954 while the median family income for the state of Illinois saw comparable growth of 10.3 percent to \$86,251. The median family income in the assessment area saw similar growth of 11.9 percent over this same time period. The community service representative stated that DuPage County has a large number of white-collar professionals who work in high paying industries such as financial services, insurance, and healthcare.

The following table presents median family incomes for families living in DuPage County, the Chicago-Naperville-Evanston, IL MD, and the state of Illinois.

Median Family Income Change 2015 and 2020			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percentage Change (%)
Assessment Area	\$92,349	\$103,371	11.9
DuPage County	\$105,708	\$115,954	9.7
Chicago-Naperville-Evanston, IL MD	\$81,969	\$92,622	13.0
Illinois	\$78,169	\$86,251	10.3

*Source: 2011 – 2015 and 2016-2020 U.S. Census Bureau American Community Survey.
Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.*

Housing Characteristics

According to 2022 FFIEC Census Data, there are 84,468 housing units in the assessment area. The majority of the housing units in the assessment area are owner-occupied, at 68.7 percent, whereas rentals comprise 26.2 percent of the housing units; 5.1 percent of housing units are categorized as vacant, which is lower than the state of Illinois’s average of 9.1 percent.

Households are considered housing cost burdened when their gross monthly housing costs in relation to gross monthly income is above 30.0 percent. As shown in the table below, large percentages of both low- and moderate-income households in DuPage County, whether they are renters or homeowners, are housing cost burdened. Despite DuPage County’s higher median family incomes than the state of Illinois and the Chicago MD, many current residents are being priced out of DuPage County. A community representative indicated that there is a shortage of affordable owner-occupied housing in DuPage County due to onerous zoning restrictions and the high cost of land.

2022 Chicago-Naperville-Evanston, IL MD 16984 Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
DuPage County, Illinois	81.2%	47.1%	42.1%	76.3%	44.5%	22.4%
Chicago-Naperville-Evanston, IL MD	75.4%	33.6%	44.0%	72.5%	40.8%	25.9%
Illinois	73.2%	29.2%	42.7%	66.2%	33.2%	21.7%

Cost Burden is housing cost that equals 30 percent or more of household income

Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy

Employment Conditions

According to the table below and the Bureau of Labor Statistics, the August 2022 unemployment rate in DuPage County, of 3.5 percent, is below the annual average unemployment rates for 2021 and 2020, at 4.5 percent and 7.5 percent, respectfully. In addition, the 3.5 percent in August 2022 is a decrease after reaching a high of 15.3 percent in April 2020 during the COVID-19 pandemic. Similarly, the unemployment for the state of Illinois peaked at 17.2 percent in April 2020, but declined to 4.8 percent in August 2022. The August 2022 (most recently available data) unemployment rate for the Chicago MD was higher than DuPage County at 5.0 percent.

The community representative stated that unemployment is historically low for the area and that businesses are having difficulty attracting qualified applicants to the area, which has resulted in a workforce shortage. During the COVID-19 pandemic, the representative stated that there were many layoffs, but that the government’s enactment of Paycheck Protection Program (PPP) lending and other stimulus measures helped bring down the unemployment rate. The representative further noted that the large number of white-collar workers were able to adapt to the pandemic and worked from home, which allowed many of the area’s workers to remain employed.

Unemployment Rates					
Area	2018	2019	2020	2021	August 2022
DuPage County	3.2	3.0	7.5	4.5	3.5
Chicago-Naperville-Evanston, IL MD	4.0	3.8	9.8	6.4	5.0
Illinois	4.4	4.0	9.2	6.1	4.8

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

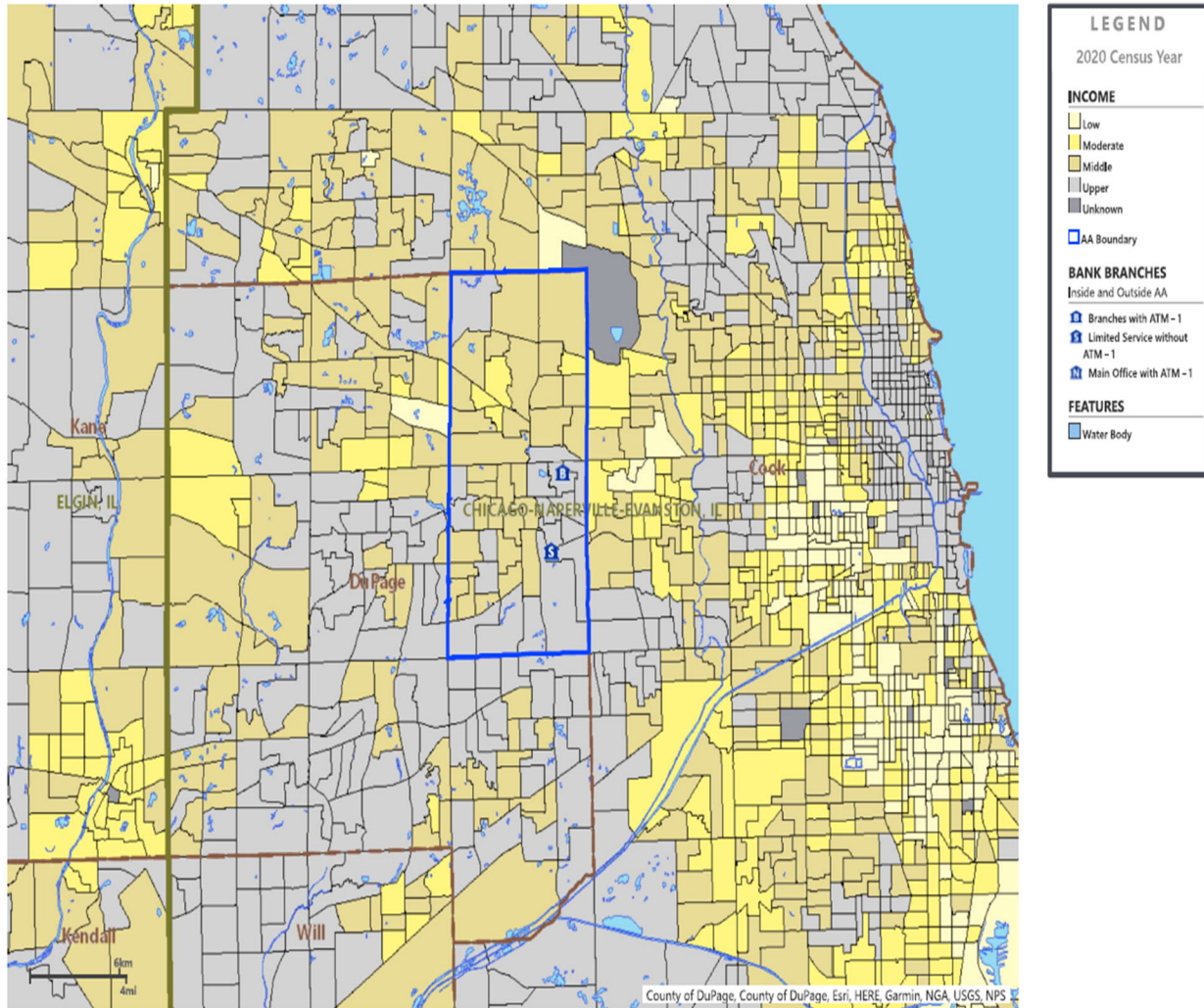
According to the U.S. Bureau of Labor Statistics, DuPage County contains a diverse employment base and is most heavily impacted by the manufacturing, professional and technical services, health care and retail. DuPage County is home to a large healthcare provider, Advocate Aurora Health, which has multiple hospitals, medical offices, and clinics through the county. Dover Corporation, a manufacturer of industrial products, continues to be one of the largest employers in DuPage County.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – Map of Assessment Area

Community Bank of Elmhurst 2044820
Chicago-Naperville-Evanston, IL MD 16984



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	Loan-to-Deposit: September 30, 2019, to September 30, 2023. Home equity Loans: January 1, 2022, to December 31, 2022. Small business Loans: January 1, 2022, to December 31, 2022.		
FINANCIAL INSTITUTION Community Bank of Elmhurst			PRODUCTS REVIEWED Home equity Loans Small business Loans
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None	N/A		N/A
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Chicago-Naperville-Evanston, IL MD 16984 - Partial DuPage County	Full scope Review	N/A	N/A

APPENDIX C – Glossary

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.²

Area Median Income (AMI): AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income if a person or geography is located outside an MSA.

Assessment area: Assessment area means a geographic area delineated in accordance with section 228.41.

Automated teller machine (ATM): An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

Bank: Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

Branch: Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in

² Source: FFIEC press release dated October 19, 2011.

conjunction with any other local business or nonprofit organization.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSAs): Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide nonmetropolitan median income figure.

Community Development: The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:
 - a. Rates of poverty, unemployment, or population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and

dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

Community Development Loan: A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
 - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank’s assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
 - b. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

Community Development Service: A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

Consumer loan: A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories of loans: motor vehicle, credit card, other consumer secured loan, includes loans for home improvement purposes not secured by a dwelling, and other consumer unsecured loan, includes loans for home improvement purposes not secured.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units

occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

Full review: Performance under the Lending, Investment and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act: The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

Home mortgage loans: Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Income Level: Income level means:

- 1) Low-income – an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a census tract;
- 2) Moderate-income – an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a census tract;
- 3) Middle-income – an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).

Limited-purpose bank: This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

Limited review: Performance under the Lending, Investment and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

Loan location: Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides;
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

Loan production office: This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area: A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or

more bordering states is called a multistate metropolitan statistical area.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan area: This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

Small Bank: This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 billion as of December 31 of either of the prior two calendar years.

Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.

Small Business Loan: This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

Small Farm: This term refers to a loan that is included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Wholesale Bank: This term refers to a bank that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).